28,1696, was ten per cent, and October loth, twenty per cent. The Bullion Report, discussing this subject in 1810, declared that "the quantity of the notes became excessive, their relative value was depreciated, and they fell to a discount of seventeen per cent." This opinion, that the note issues were excessive, is supported also by the high authority of Professor Rogers,[1] but is disproved by Professor MacLeod, in so far as excess of issues is to be interpreted as implying a larger supply of money than could be absorbed by the demands of commerce. That the issues of the bank were excessive in proportion to its coin reserve is hardly a subject for dispute, in view of the account submitted to the House of Commons on December 4, 1696, showing the amount due on notes for running cash to be ,£764,196, and the actual cash held ,£35,664, in addition to ^9,636 in goldsmiths' notes. That the issues were excessive in this sense is proved by the suspension of specie payments, but that they were excessive in the sense implied by the Bullion Report is shown to be untrue by the state of exchange on Hamburg, which promptly became favorable to England upon the reform of the coinage and while bank-notes were still at a discount. The test whether issues were in excess of the necessities of trade was the state of the foreign exchanges, which were at par in coin, and the depreciation in the bank-notes was plainly due to the fact that they had ceased to be redeemable in coin on demand.[3]

The collapse of the Land Bank and the necessity for new government loans led to the legislation of February 3, 1697, to increase the capital of the Bank of England and give it wider privileges. The charter was renewed until the expiration of twelve months notice after August i, 1710, and the bank was authorized to issue notes to the amount of the subscriptions for the new loan, provided the notes were made payable to bearer on demand. It was declared that in case of default in redemption, the notes might be paid at the

[1] First Nine Years of the Bank of England, 88.
[2] McLeod, Theory and Practice of Banking, L, 479-484.